



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 13-31)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English,
DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 13-31 with attached transmittal, and policy justification.

Dated: July 2, 2013.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

JUN 27 2013

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 13-31, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Finland for defense articles and services estimated to cost \$170 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, reading "William E. Landay III".

William E. Landay III
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification



Transmittal No. 13-31

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Finland
- (ii) Total Estimated Value:

| | |
|--------------------------|-------------------------|
| Major Defense Equipment* | \$ 0.0 million |
| Other | \$ <u>170.0 million</u> |
| TOTAL | \$ 170.0 million |
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: follow-on equipment and support for Finland's F-18 Mid-Life Upgrade (MLU) Program, consisting of F-18C/D Fleet Retrofit Kits of the following systems: 69 KIV-78s (Mode 5 Identification Friend or Foe), 69 AN/APX-11-30s (Combined Interrogator/Transponders), Multifunctional Information Distribution Systems, and 32 SUU-63 pylons. The proposed program support includes software test and integration center upgrades, flight testing, spare and repair parts, support and test equipment, transportation, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics support services, and other related elements of logistics support.
- (iv) Military Department: Navy (GAU)
- (v) Prior Related Cases:
 - FMS case SAA-\$2.4 billion-9Jun92
 - FMS case SAB-\$702 million-7Feb94
 - FMS case GAD-\$25 million-13Jul01
 - FMS case LBB-\$63 million-4Aug01
 - FMS case LBC-\$127 million-1Jan04
 - FMS case LBD-\$252 million-25Jul07
 - FMS case LBH-\$307 million-3Apr09
- (vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: None
- (viii) Date Report Delivered to Congress: 27 June 2013

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Finland – F-18 Mid-Life Upgrade Program

The Government of Finland has requested a possible sale of follow-on equipment and support for Finland's F-18 Mid-Life Upgrade (MLU) Program, consisting of F-18C/D Fleet Retrofit Kits of the following systems: 69 KIV-78s (Mode 5 Identification Friend or Foe), 69 AN/APX-11-30s (Combined Interrogator/Transponders), Multifunctional Information Distribution Systems, and 32 SUU-63 pylons. The proposed program support includes software test and integration center upgrades, flight testing, spare and repair parts, support and test equipment, transportation, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics support services, and other related elements of logistics support. The estimated cost is \$170 million.

The proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country which has been, and continues to be an important force for political stability and economic progress in Europe.

The Finnish Air Force (FAF) intends to purchase the MLU Program equipment to extend the useful life of its F-18 fighter aircraft and enhance their survivability and communications connectivity. The FAF needs this upgrade to keep pace with technology advances in sensors, weaponry, and communications. Finland has extensive experience operating the F-18 aircraft and will have no difficulty incorporating the upgraded capabilities into its forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractors will be Raytheon in Waltham, Massachusetts; Lockheed Martin in Bethesda, Maryland; The Boeing Company in St. Louis, Missouri; BAE North America in Arlington, Virginia; General Electric in Fairfield, Connecticut; General Dynamics in West Falls Church, Virginia; Northrop Grumman in Falls Church, Virginia; and Rockwell Collins in Cedar Rapids, Iowa. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require multiple trips to Finland involving U.S. Government and contractor representatives for technical reviews/support, program management, and training.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

[FR Doc. 2013-16314 Filed 07/08/2013 at 8:45 am; Publication Date: 07/09/2013]